

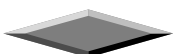


***Program Compliance Office
Cal Grant/Specialized Program Review Report***

2000-01 Award Year

**Pasadena City College
Program Review ID#80200126100**

**1570 E. Colorado Boulevard
Pasadena, CA, 91106-2003**



Program Review Dates:

April 15, 2002 – April 18, 2002 and
May 22, 2002

Auditor:

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(916) 526-8034

Report Approved by:

Charles Wood, Manager
Program Compliance Office
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AUDITOR'S REPORT

SUMMARY

We reviewed Pasadena City College's administration of California Student Aid Commission (Commission) programs for the 2000-01 award year.

The institution's records disclosed the following deficiencies:

- Standards of Administrative Capability in Question
- Inadequate State Work-Study Internal Controls
- Non-Compliance with the Web Grants Information Security
- Satisfactory Academic Progress (SAP) Policy Not Applied
- Cal Grant Overaward
- Questionable State Work-Study Recipients
- Summer State Work-Study Enrollment Requirement Not Met
- Cal Grant Disbursement Exceeded Eligible Amount
- Incorrect Renewal Unmet Need Reported
- Missing or Misfiled State Work-Study Records
- Interest Earned on Grant Funds and Not Remitted
- 2000-01 Cal Grant Account Not Reconciled
- No Process in Place for Outlawed Warrants
- State Work-Study-Teaching Intern Program Year End Operating Report Discrepancies

BACKGROUND

Through institution compliance reviews, the administration of Commission programs is evaluated to ensure program integrity with applicable laws, policies, contracts and institutional agreements as they pertain to the following grant programs administered by the Commission:

Cal Grants
Specialized Programs

B and C
State Work-Study Program

The following information, obtained from the institution and Commission database, is provided as background on the institution:

A. Institution

- Type of Organization: Public Community College
- President: Dr. James Kossler
- Accrediting Body: Western Association of Schools and Colleges
- Size of Student Body: 25,000

B. Institutional Persons Contacted

- Ernestine Moore: Vice President, Student and Learning Services
- Kim Miles: Assistant Dean, Scholarships And Financial Aid
- Odessa Walker: Director, Fiscal Services

AUDITOR'S REPORT (continued)

BACKGROUND (continued)

B. Institutional Persons Contacted (continued)

- Donna Halloway: Assistant Director, Scholarships And Financial Aid

C. Financial Aid

- Date of Prior Commission Program Review: October 2 – 6, 1995
- Branches: None
- Financial Aid Consultant: None
- Financial Aid Programs: Federal: Pell, SEOG, Perkins, Work-Study, And Family Education Loan Program
State: Cal Grant B and C, Work-Study

OBJECTIVES, SCOPE AND METHODOLOGY

The purpose of our review is to provide the Commission with assurance that the institution adequately administered the Commission programs and their compliance with applicable laws, policies, contracts and institutional agreements as they pertain to the grant programs administered by the Commission.

The review focused on, but was not limited to, the following areas:

- A. General Eligibility
- B. Applicant Eligibility
- C. Fund Disbursement and Refunds
- D. Roster and Reports
- E. File Maintenance and Records Retention
- F. Fiscal Responsibility and Program Funds

The specific objectives of the review were to determine that:

- Administration systems have adequate controls to ensure that grant funds received by the institution are secure, accurate, legal and proper.
- Accounting requirements are being followed.

The procedures performed in conducting this review included:

- Evaluating the current administrative and payment procedures through interviews and reviews of student records, forms and procedures.
- Reviewing the records and grant payment transactions from a sample of 40 students who received a total of 38 Cal Grant A and 2 Cal Grant B awards within the review period. The program review sample was randomly selected from the Commission database that contained 695 2000-01 Cal Grant recipients.

AUDITOR'S REPORT (continued)

OBJECTIVES, SCOPE AND METHODOLOGY (continued)

- Reviewing the records for 36 students who received State Work-Study awards within the review period. The review sample included all students awarded during 2000-01.

This review was conducted in accordance with **Government Auditing Standards** issued by the Comptroller General of the United States. However, the procedures did not constitute a review of the institution's financial statements.

The review scope was limited to planning and performing procedures to obtain reasonable assurance that Commission grant funds were administered according to the applicable laws, policies, contracts and institutional agreements. Accordingly, transactions were examined on a test basis to determine whether grant funds were expended in an eligible manner. The auditor considered the institution's management controls only to the extent necessary to plan the review.

This report is written using the exception-reporting format, which excludes the positive aspects of the institution's administration of the California grant programs.

The names and social security numbers of the sample of students reviewed have been excluded from the body of this report and have been replaced by identifying numbers. Attachment A is a listing of the students by name, social security number and grant type.

CONCLUSION

In conclusion, except for the deficiencies cited in the Findings and Required Actions section of this report, the institution administrated the Commission grant programs in accordance with the applicable laws, policies, contracts and institutional agreements as they pertain to the Commissions grant programs.

VIEWS OF RESPONSIBLE OFFICIALS

The review was discussed with agency representatives in an exit conference held on May 22, 2002.

May 22, 2002

Charles Wood, Manager
Program Compliance Office

FINDINGS AND REQUIRED ACTIONS

A. GENERAL ELIGIBILITY

FINDING 1: Standards of Administrative Capability in Question

A review of the institution's administration of the Cal Grant and State Work-Study programs revealed a number of material findings that are representative of the school's lack of administrative capability.

DISCUSSION:

To participate in the Cal Grant and State Work-Study programs, an institution must demonstrate that it is capable of adequately administering program standards established by the Commission. The institution must administer the Commission programs with adequate checks and balances in its system of internal controls.

Institutions participating in Cal Grant and State Work-Study programs act in the nature of the fiduciary in the administration of the State of California student financial assistance programs. Therefore, participating schools are subject to the highest standards of care and diligence in administering the Commission programs.

The following findings demonstrate the lack of the institution's administrative capability and are addressed individually with the program review report.

- Finding A.2: Inadequate State Work-Study Internal Controls
- Finding A.3: Non-Compliance with the Web Grants Information Security/Confidentiality Agreement
- Finding A.4: Satisfactory Academic Progress (SAP) Policy Not Applied
- Finding B.1: Cal Grant Overaward
- Finding B.2: Questionable State Work-Study Recipients
- Finding B.3: Summer State Work-Study Enrollment Requirement Not Met
- Finding C: Cal Grant Disbursement Exceeded Eligible Amount
- Finding D: Incorrect Renewal Unmet Need Reported
- Finding E: Missing or Misfiled State Work-Study Records
- Finding F.1: Interest Earned on Grant Funds and Not Remitted
- Finding F.2: 2000-01 Cal Grant Account Not Reconciled
- Finding F.3: No Process in Place for Outlawed Warrants
- Finding F.4: State Work-Study-Teaching Intern Program Year End Operating Report Discrepancies

Moreover, Pasadena City College has demonstrated continuous non-compliance in its reconciliation of Cal Grant funds as this finding was also noted in their October 1995 Cal Grant Program Review.

REFERENCES:

- California Education Code 69965(a)(1)
- 34 CFR 668.14 (b)(4)
- 34 CFR 668.16
- 34 CFR 668.24

FINDINGS AND REQUIRED ACTIONS (continued)

REFERENCES (continued):

Institutional Agreement, Article II.B, F and G
Cal Grant Manual, Chapter 9, page 9-1
Responsibilities for the State Work-Study Program Handbook

REQUIRED ACTION:

Pasadena City College must provide a detailed administrative action plan that addresses all the findings contained in this report. In addition, the action plan must contain written policies and procedures that will improve the internal control structure, which should mention whether automation processing will be used or additional staffing for manual processing. Further actions may be required after review of the administrative action plan.

INSTITUTION RESPONSE:

Pasadena City College has reviewed the information presented in this finding and has included copies of the action plan and policies and procedures that will improve the internal control structure.

AUDITOR REPLY:

The institution's action is deemed acceptable and no further action is required.

A. GENERAL ELIGIBILITY

FINDING 2: Inadequate State Work-Study (SWS) Internal Controls

A review of 35 SWS student records revealed numerous cases where the SWS compensation exceeded the authorized SWS amount due to inadequate internal system controls.

DISCUSSION:

Participating SWS institutions internal control systems should ensure that SWS recipient compensation does not exceed the total amount authorized or awarded by the Financial Aid Office.

One of the Financial Aid Office's controls is to verify timesheet hours and enter the data into the SAFERS system before forwarding the timesheets to the Fiscal Services. Fiscal Services then enters the hours into the payroll system. Numerous discrepancies were identified in this manual process of posting State Work-Study funds to two different systems, SAFERS and payroll.

An examination of all 2000-01 SWS recipients uncovered the following discrepancies in the two systems:

Student Nos. S12, S21, S34 were paid twice for hours worked on the days listed on the next page.

FINDINGS AND REQUIRED ACTIONS (continued)

No.	Days Paid Twice
S12	12/18/00 and 12/20/00
S21	1/26, 1/29, 2/7, 2/9, 2/12, and 2/14
S34	2/21

The following student data from the payroll system and the SAFERs system did not match.

No.	Payroll	SAFERs	Comments
S2	2,004.75	2,004.75	Pay period 09/18/01 –09/25/01 (28 hours) for \$189.00 was charged to State Work-Study, however, the rest of the 2001-02 Work-Study was charged to Federal Work-Study.
S4	1,422.57	1,419.19	
S5	1,488.40	1,169.47	
S6	0.00	352.69	Paid Federal Work-Study. Not reported on 2000-01 SWS Year-End Report.
S8	456.00	544.00	
S9	0	1,849.50	Paid Federal Work-Study. Not reported on 2000-01 SWS Year-End Report.
S10	1,203.15	1,203.15	SAFERs 'Time Data' reports payments of \$1,203.15 and the 'Award Data' reports \$1,032.75.
S11	1,991.27	1,987.89	
S14	1,307.13	1,313.88	.
S15	0.00	2,085.75	Paid Federal Work-Study. Not reported on 2000-01 SWS Year-End Report.
S16	0.00	271.69	Paid Federal Work-Study. Not reported on 2000-01 SWS Year-End Report.
S17	1,390.51	1,383.76	
S18	1,603.14	1,350.01	
S19	1,742.17	1,761.28	.
S22	1,342.10	1,189.22	
S23	0.00	1,015.89	Paid Federal Work-Study. Not reported on 2000-01 SWS Year-End Report.
S24	1,922.42	1,916.44	
S27	1,539.00	2,146.50	
S29	0.00	2,004.76	Paid Federal Work-Study. Not reported on 2000-01 SWS Year-End Report.
S30	2,018.25	2,139.75	
S32	1971.00	1,967.63	
S33	2375.64	1,809.00	
S34	1115.44	1,041.19	

FINDINGS AND REQUIRED ACTIONS (continued)

Student Nos. S2 and S18 exceeded the daily (7.5) or weekly (20) hours allowed by Pasadena City College for the Work-Study program on the days indicated below:

No.	Comments
S2	Worked more than 20 hours a week for pay period 04/16/01 – 4/30/01 (86 hours)
S18	Worked more than 7.5 hours for 14 days I the spring term: Feb. 21 st , 27 th , and 28 th ; Mar. 6 th , 13 th , 20 th , 27 th , Apr. 10 th , 11 th , 16 th , 17 th , and 24 th ; May 15 th and 16 th .

REFERENCES:

California Education Code 69960(g)
Responsibilities for State Work-Study Program Handbook
California Education Code 69958(b)
State of California Work-Study Program Agreement, Article I.7.h

REQUIRED ACTION:

For student Nos. S12, S21, and S34, the Financial Aid Office must contact the employing department to determine the correct number of hours that the students' worked for the days listed above. If the school's review results in overpayments of SWS funds, the overpayment amount will be deemed an institutional liability and the funds must be returned to the Commission.

For Student Nos. S2, S4, S5, S6, S8, S9, S10, S11, S14, S15, S16, S17, S18, S19, S22, S23, S24, S27, S29, S30, S32, S33, and S34, the institution must provide an explanation as to why these discrepancies occurred in the 2000-01 award year.

Moreover, the institution is required to strengthen its internal control procedures designed to ensure that SWS students do not exceed their SWS award authorized by the school. Please provide a copy of the procedures in your response to this report.

INSTITUTION RESPONSE:

The financial aid office has contacted the employing departments to ascertain the correct number of hours that the student's worked. Attached is the signed statement from the department supervisors.

Financial aid office staff are required to participate in training on the Human Resource System. This database system assigns the department's payroll assignment for federal and state work- study students. In the past, limited training or understanding of the HRS System was provided and the payroll control numbers were obtained from multiple sources. The payroll control numbers define the student's assignment (federal or state work-study). The Payroll Office will issue the warrant that is assigned to the payroll control number. Unfortunately, the Financial Aid Office was not aware that the payroll control number was assigned to a different program, we were not made aware of these changes and had no mechanism to adjust our records accordingly. Also, the Financial

FINDINGS AND REQUIRED ACTIONS (continued)

Aid Office did not have access to reports to compare any payroll discrepancies. Currently, the financial aid office uses one payroll control report, obtained from Business Services with the official payroll control numbers for federal or state work-study programs.

The Financial Aid Office has attached procedures to address control measures to manage timesheets and ensure students do not work in excess of their hours. Previously, the college mandated the construction of the work-study timesheets. The Financial Aid Office revised the timesheets to accurately reflect the total hours worked for each pay period. Also, students may not submit a timesheet with crossover payroll periods. The Financial Aid Office has hired a full-time staff person who will compare a payroll report furnished by Management Information Systems (MIS). This report contains the payroll information prepared by Payroll Services for work-study students. The report will be used to identify discrepancies between the Payroll records and the data entered into the financial aid database, SAFERs. Therefore, we are confident that our enhanced knowledge of the HRS System, additional staffing, an official list of payroll control numbers and access to the college's payroll records at the end of each pay period will strengthen controls and eliminate the errors presented in the compliance review.

AUDITOR REPLY:

The institution's action is deemed acceptable and no further action is required.

A. GENERAL ELIGIBILITY:

FINDING 3: Non-Compliance with the Web Grants Information Security/Confidentiality Agreement

A review of Institution and Commission records disclosed that the school did not comply with the Web Grants Information Security and Confidentiality Agreement (Agreement).

DISCUSSION:

The Agreement states that the institution will notify the Commission in writing within five (5) working days to cancel the password and ID of any employee who ceases employment or whose duties change in any way that would alter his/her authorized need for access.

The Commission was not notified that two former Financial Aid Office staff members were no longer employed at the school. The Financial Aid Director was not fully aware of the WebGrants requirements applicable to the Cal Grant Program administration.

REFERENCES:

Institutional Agreement, Article II.E
Information Security and Confidentiality Agreement
Commission Special Alert, GSA 2000-01, 1/19/00

FINDINGS AND REQUIRED ACTIONS (continued)

REQUIRED ACTION:

No liability resulted from the above finding; however, the institution must provide a copy of the written notification to Commission that deletes the two staff members that are longer employed at the Financial Aid Office. In addition, the school is required to submit written administrative procedures and controls that will be implemented to fulfill the requirements of the Commission Information Security and Confidentiality Agreement.

INSTITUTION RESPONSE:

Attached are procedures and controls to comply with the CSAC's confidentiality agreement.

AUDITOR REPLY:

The institution's action is deemed acceptable and no further action is required.

A. GENERAL ELIGIBILITY:

FINDING 4: Satisfactory Academic Progress (SAP) Policy Not Applied

A discussion with the Assistant Dean of Scholarships and Financial Aid revealed that the institution was not in full compliance with their SAP policy.

DISCUSSION:

All Cal Grant recipients must be making SAP to be eligible to receive funds. According to the signed Institutional Agreement, institutions are required to verify academic progress for each recipient listed on the grant roster in accordance with the institutional financial aid SAP qualitative and quantitative measurements prior to disbursement of funds.

In addition, the quantitative and qualitative components must be cumulative and must include all periods of the student's enrollment. Transfer credits must be included so that the transfer students are not given more time than other students to complete the program.

Pasadena City College's (PCC) Financial Aid SAP policy provided to its students is as follows:

1. Maintain a 2.0 Grade Point Average (GPA) (this is a "C" average).
2. Complete all the units you attempt (or the units you begin at the start of the term) by the last day of each semester. Students completing the first academic year at PCC must complete 51% of units attempted with acceptable grades. Those in their second academic year must complete 75%.
3. Not have attempted more than 75 units or no more than a cumulative total of 90 units attempted (which is equal to 3.5 years of full-time enrollment in an undergraduate program). A total of 30 units (attempted or completed) of

FINDINGS AND REQUIRED ACTIONS (continued)

English as a Second Language and/or basic skills courses may be excluded from the 75 units limitation. **Units attempted include all transfer and previously earned units with or without receipt of financial aid.** Unit limitation is not excluded if you are pursuing multiple educational objectives.

The SAP policy further states that the evaluation of transfer units/credits is the function of the Office of Admissions and Records. If a student meets PCC's admissions requirements, the *financial aid office will evaluate the information* for quantitative measurement; i.e., time frame or years of enrollment.

A discussion with the Assistant Dean of Scholarships and Financial Aid revealed that although the SAP policy states that transfer units are evaluated by the Office of Admissions and Records, the institution does not currently have a mechanism to measure the transfer units. Therefore, students who have only attended PCC are allowed less time to complete their academic program than transfer students.

No observations of non-compliance were observed in the student sample files; however, it is imperative that the institution begins counting transfer units to be in compliance with federal SAP regulations.

Moreover, the institution's SAP policy further states that "warning" notification will occur when less than a 2.0 GPA is earned after the first year of enrollment and a student transfers to PCC from another institution. Also, when a student is within 3 units of the minimum completion rate will be notified of financial aid probation and at 59 units attempted or earned, 2.5 years or 5 terms of enrollment.

The automated SAP warning letter notification process described above is actually not in place, therefore, the students are not being informed that they are not maintaining SAP.

In addition, the institution was cited for not compiling SAP requirements in a Federal Family Educational Loan program review performed by EDFUND in March 1999, therefore, there is a continuous noncompliance issue that the school must address.

REFERENCES:

California Education Code 69535(c)
34 CFR 668.16 (e) and (f)(3)
34 CFR 668.32(f)
34 CFR 668.34(b), (c), and (e)
Institutional Agreement, Article III.A.1
Cal Grant Manual, Chapter 5, page 5-15
Cal Grant Manual, Chapter 9, page 9-5
2000-01 Federal Student Financial Aid Handbook, Volume 2: Student Eligibility, page 1-20 through 1-24

FINDINGS AND REQUIRED ACTIONS (continued)

REQUIRED ACTION:

Pasadena City College must provide a step-by-step automated or manual process that calculates attempted/completed units for transfer students to ensure that the quantitative component of satisfactory academic progress is met. It appears from our review that an automated SAP program developed by the school's Information and Technology Office would be beneficial to track academic progress and less cumbersome than a manual process.

INSTITUTION RESPONSE:

To clarify the discussion with the Assistant Dean, the state education code, Title V, does not require California Community Colleges to collect academic transcripts from all students. According to the PCC *General Catalog, 2000-2001*, "Only those lower division courses transferred from regionally accredited colleges and universities are accepted and evaluated for the Associate in Arts or Associate in Science Degree." In this matter, the transcript is required for purposes of degree evaluation and only after the student has completed 15 units at PCC. In order to comply with the federal requirement, at the time of evaluation, financial aid staff will determine if a student has a transcript on record with the college. Since financial aid staff do not possess the skills required to evaluate an academic transcript, we only measure the transcript for time frame. By doing so, we are not allowing students more time than students who have only attended PCC. This procedure was reviewed, discussed and approved by EdFund. The process is done manually because the college does not enter the transfer units (for reasons stated above) in the Student Records database. The automated SAP warning letter is run after fall and during spring semester. The warning letter is prepared and the anticipated run date is: March 15, 2003.

AUDITOR REPLY:

The institution's action is deemed acceptable and no further action is required.

B. APPLICANT ELIGIBILITY:

FINDING 1: Student Overaward

A review of 40 student files disclosed 1 case where a student was overawarded due to insufficient Cal Grant need.

DISCUSSION:

Schools are responsible to ensure that financial aid recipients are not over awarded and receive only the amount of the Cal Grant they are eligible to receive. The sum of the Cal Grant and all other types of aid (e.g., federal, state, institution, and private) may not exceed the student's cost of attendance (budget) less the calculated expected family contribution (EFC).

FINDINGS AND REQUIRED ACTIONS (continued)

Student No. 7 attended full-time for fall 2000 and spring 2001. The student did not have sufficient Cal Grant need as illustrated in the table below:

Need Analysis for Student No. 7	
Cost of Attendance	\$5,690.00
Less EFC	0.00
Less Pell	3,300.00
Less BOG	330.00
Less V EOPS	388.58
Less SEOG	<u>287.00</u>
Equals Cal Grant Unmet Need	1,384.42
Less Actual Cal Grant Award	<u>1,548.00</u>
Over Award Amount	\$ 163.58

Unfortunately, overaward tolerances allowed in the federal campus-based programs are not allowable in the Cal Grant program. Therefore, **\$163.58** is deemed an overaward.

REFERENCES:

Cal Grant Manual, Chapter 5, Page 5-22
Cal Grant Manual, Chapter 9, Page 9-7
Institutional Agreement, III.B.5

REQUIRED ACTION:

Unless the school can provide sufficient documentation to resolve the overaward for Student No. 7, the institution must return the ineligible Cal Grant amount of **\$163.58**. The payment instructions are at the conclusion of this report. Additionally, the institution must incorporate an overaward process into their financial aid policies and procedures to ensure that students are not over awarded.

INSTITUTION RESPONSE:

Attached are the overaward procedures that incorporate the requirement for Cal Grant overawards. The amount of \$163.58 is being returned to CSAC

AUDITOR REPLY:

The amount of \$163.58 was returned to CSAC on 6/12/03 in check # 24843550 and the overaward procedures supplied by the institution is deemed acceptable and no further action is required.

FINDINGS AND REQUIRED ACTIONS (continued)

B. APPLICANT ELIGIBILITY:

FINDING 2: Questionable State Work-Study Recipients

A review of all 2000-01 State Work-Study student records disclosed 5 recipients whose awards are in question.

DISCUSSION:

One criterion for the selection of preferred State Work-Study employers is the employer's potential for compliance with program requirements that include an adequate internal control system.

During the on-site review the auditors found in Pasadena City College's school paper, the Courier, dated April 11, 2002, an article title "Allegations by Athlete Result in Work-Study Investigation." The article stated that the United States Department of Education (USED) was investigating a student who was employed under the Federal Work-Study program for the Physical Education (PE) Department.

Due to the allegations that PE students were paid for work-study not performed, a closer examination of State Work-Study students employed by the PE department was conducted. The timesheets and payroll records reported that students No. The PE department during the 2000-01 award year employed S2, S12, and S33.

No.	Time Period Employed by PE Department	Payroll Amount
S2	01/31/01-05/31/01	\$2,033.23
S12	01/20/00-04/15/01	1,500.80
S33	11/15/00-05/15/01	2,375.64
Total		\$5,909.67

In addition, student Nos. S2X and S4X worked in the PE department in the 2000-01 award year. Institution payroll records reported student No. S2X earned \$58.16 and S4X earned \$613.93. The institution included their earnings in the local assistance amount \$31,069 reported to the Commission on the Institutional Year-End Operating Report. However, the Financial aid Office's SAFERS system does not report them as State Work-Study recipients, therefore, they are included in Finding C.2, SWS Compensation Exceeds Authorized Amount."

REFERENCES:

Agreement Covering Postsecondary Educational Institutions Participation In the State of California Work-Study Program, Articles I.5.d and I.8.d, and II.2
Responsibilities for State Work-Study Program Handbook
California Education Code 69958(b)
34 CFR 668.16(b)

FINDINGS AND REQUIRED ACTIONS (continued)

REQUIRED ACTION:

Unless the Dean of the Physical Education provides signed written statement attesting that student Nos. S2, S12, and S33, stating that the students did earn their 2000-01 State Work-Study funds and that the information provided to the auditors was accurate and complete, the institution must repay **\$5,909.67**. Please submit payment as directed in general payment instructions.

In addition, the institution must provide a copy of the USED's investigation report for review. Furthermore, subsequent program reviews will evaluate and test the institution's controls with regards to State Work-Study program. In response to the above finding, the institution must provide the written policies and procedures that will be put into place to ensure program integrity.

INSTITUTION RESPONSE:

Attached is a statement from the Dean of the Physical Education Department attesting to the fact that the information provided to auditors was complete and accurate. Moreover, the institution has not received a response from the focused program review conducted by the US Department of Education. Please refer to policies and procedures submitted for Finding A.2

AUDITOR REPLY:

The institution's action is deemed acceptable and no further action is required.

B. APPLICANT ELIGIBILITY:

FINDING 3: Summer State Work-Study Enrollment Requirement Not Met

An examination of 34 State Work-Study (SWS) files revealed that 1 student did not meet the summer SWS requirement.

DISCUSSION:

To be eligible to participate in the summer work-study program, a student must be enrolled at least half-time in summer courses required for completion of a degree or certificate, or be accepted for enrollment on at least a half-time basis for the following normal academic term.

Student No. S17 worked through June 30, 2001 that included the summer term, however, the student was only enrolled in one summer unit.

REFERENCES:

California Education Code 66964(b)
Agreement Covering Postsecondary Educational Institutions Participation In the State
of California Work-Study Program, Articles I.5.e
CSAC's Responsibilities for the State Work-Study Program Handbook

FINDINGS AND REQUIRED ACTIONS (continued)

REQUIRED ACTION:

The institution must provide written policies and procedures that will be implemented that ensures that a summer SWS recipient be enrolled at least half-time in summer classes, or be accepted for enrollment on at least a half-time basis for the following normal academic term as required by state law.

INSTITUTION RESPONSE:

PCC has implemented a request for summer work-study form that each student desiring to have summer work-study must complete. This form is required before the student can begin working. The Financial Aid Office will assess eligibility for summer work-study at that time. Summer work-study students must be enrolled at least half-time or plan enrollment for the Fall term. Attached are written policies and procedures to ensure the compliance with summer work-study as well as periods of non-attendance.

AUDITOR REPLY:

The institution's action is deemed acceptable and no further action is required.

C. FUND DISBURSEMENT AND REFUNDS:

FINDING: Cal Grant Disbursement Exceeded Eligible Amount

A review of 40 student records disclosed 1 student whose disbursement exceeded the eligible amount.

DISCUSSION:

Institutions are required to verify student eligibility at the time funds are processed to the recipient or the recipient's account. The institution must verify the enrollment status for each recipient listed on the grant roster in accordance with the established institutional policies.

The institution's enrollment status policy is as follows:

Full-time:	12 units or more
Three-quarter-time:	9 - 11.5 units
Half-time:	6 - 8.5 units

The institution reported a \$744 full-time payment for student No. 14 for spring 2001 that consisted of a \$44 check issued on 7/27/01 and a \$730 check issued on 12/18/01. However, the student's academic transcript reported that the student only completed 6 units (half-time); therefore, the recipient should have been paid \$387. The classes completed were English as a Second Language Reading-Level 2 (ESL 432) and Effective Speaking and Listening (ESL 446). The institution did not consider English as a Second Language Reading/Writing-Level 2 (ESL 422) in the completed class units.

FINDINGS AND REQUIRED ACTIONS (continued)

Student No. 14 was overpaid **\$387** (\$744 - \$387) in Cal Grant B funds. Pasadena City College returned \$193 for student No. 14 on 9/18/02 with warrant No. 24436535 dated 7/17/02. Therefore, \$194 (\$387-\$193) is the balance of the overpayment to be made by the institution.

REFERENCES:

Institutional Agreement, Article III.A.2
Institutional Agreement, Article II.B.5
Cal Grant Manual, Chapter 5, pages 5-14 through 5-15 and 5-20

REQUIRED ACTION:

The institution must return the ineligible amount of **\$194** for student No. 14, as directed in the payment instructions contained in this report. The financial aid office must provide assurances its Cal Grant policies and procedures will be followed that ensure enrollment status are verified prior to fund disbursement.

INSTITUTION RESPONSE:

According to our records, the student was eligible to receive a Cal Grant B disbursement for completed enrollment at three-quarter time (75%). The student completed 10 units and all units, including the ESL courses, were eligible for disbursement. Our calculation shows that PCC paid the student \$774; however, the student should have been paid \$193. We are therefore, contesting the amount of \$387 and calculate the amount of overpayment at \$193. On September 10, 2002, PCC repaid the amount of \$193. Therefore, PCC does not owe the \$194 for student No. 14. Attached are the contested enrollment records.

PCC has identified several factors involving retroactive disbursements. In this regard, retroactive payments, including but not limited to Cal Grant, will not occur after the beginning of the fall or August 30. This will prevent retroactive disbursements based on attempted units rather than earned units. Please refer to policies and procedures, Finding 1.

AUDITOR REPLY:

The institution's action is deemed acceptable and no further action is required.

D. ROSTERS AND REPORTS:

FINDING: Incorrect Renewal Unmet Need Reported

A review of 19 Cal Grant B renewal recipients' revealed 5 students whose reported renewal unmet need was not correct.

DISCUSSION:

For renewal students, schools must calculate a student's unmet need and report that figure to the Commission, retaining the supporting documentation within the student's

FINDINGS AND REQUIRED ACTIONS (continued)

record. Schools may use the Commission's annually established student expense budget or the school may adopt its own student budget for determining renewal financial eligibility provided the budgets do not exceed those used for campus-administered aid.

The school must report the resulting net unmet need amount on the Grant Roster or the Commission G-21 letter so the student's maximum Cal Grant award determination is correct. Net unmet need is defined as student's cost of attendance (COA) minus the Expected Family Contribution (EFC) and Pell grant.

For student Nos. 8, 12, 16, 31, and 40, the institution reported renewal unmet need amounts on the grant roster that were incorrect as shown in the table below.

No.	Incorrect Unmet Need	Correct Unmet Need	Reason for incorrect unmet need
8	\$2,309	\$2,390	Transposed numbers
12	\$11,613	\$2,060	Incorrect amount
16	\$2,484	\$2,011	Unable to reconstruct unmet need amount
31	\$2,309	\$2,390	Transposed numbers
40	\$2,309	\$2,363	Transposed numbers and did not include correct EFC or Pell

REFERENCES:

Institutional Agreement, Article II, Section J
Cal Grant Manual, Chapter 4, pages 4-2 and 4-3
Cal Grant Manual, Chapter 5, page 5-15

REQUIRED ACTION:

No liability resulted due to the high unmet need. The financial aid office must update the Cal Grant policies and procedures to ensure the renewal Cal Grant B unmet need to correctly calculate using Commission guidelines and documented in the student financial aid records.

INSTITUTION RESPONSE:

Procedures to reflect the calculation of unmet need are attached.

AUDITOR REPLY:

The procedures that reflect the calculation of unmet need supplied by the institution is deemed acceptable and no further action is required.

FINDINGS AND REQUIRED ACTIONS (continued)

**E. File
Maintenance
Record
Retention:**

FINDING: Missing or Misfiled State Work-Study Records

An examination of 34 SWS student files disclosed 6 cases where student records were either missing or misfiled.

DISCUSSION:

Participating State Work-Study institutions are required to maintain fiscal records documenting financial transactions; for each work-study position, including, but not limited to, need analysis documents, employer agreements, financial aid award documents, time sheets, and records of payments provided to the student.

Nos. S5, S18, S24, S27, and S34 were missing either a 20001-01 time sheet or a payroll record during the on-site visit.

In the case of student No. S10, another student's timesheet was contained in this student's file.

REFERENCES:

California Education Code 69962(b)
State of California Work-Study Program Agreement, Article 8.b
Responsibilities for State Work-Study Program Handbook

REQUIRED ACTION:

No liability resulted from the above finding. The institution is to implement new procedures and quality control measures designed to ensure that SWS records systemically organized and retained as indicated by program requirements.

INSTITUTION RESPONSE:

Policies and procedures regarding the handling of work-study files are attached. Efforts to ensure appropriate handling include isolating the files to the office of the Assistant Director. Work- Study files will be reviewed annually to make sure all paperwork is filed correctly for each student.

AUDITOR REPLY:

The policies and procedures regarding the handling of work-study files supplied by the institution are deemed acceptable and no further action is required.

FINDINGS AND REQUIRED ACTIONS (continued)

**F. FISCAL
RESPONSIBILITY
FOR PROGRAM
FUNDS:**

FINDING 1: Interest Earned on Grant Funds and Not Remitted

Cal Grant funds are held in an interest bearing account where interest is accrued and not remitted to the Commission as required.

DISCUSSION:

All interest earned on Cal Grant funds must be submitted to the Commission on behalf of the State regardless of any agreement between the bank and the institution relative to bank charges or co-mingling of funds. If the interest earned is \$5.00 or less for the award year, the refund of interest is not required.

During the site visit the auditors inquired whether interest was earned on Cal Grant funds. The Director of Fiscal Services provided interest allocation documentation that revealed that interest in the amount of \$97, 539.82 was earned on undisbursed Cal Grant funds from July 1, 1993 to June 30, 2001, as shown below.

State Fiscal Year	Program	Interest Earned
7/1/00-6/30/01	Cal Grant B	\$18,099.54
7/1/99-6/30/00	Cal Grant B	\$13,433.80
7/1/98-6/30/99	Cal Grant B	\$7,752.76
7/1/97-6/30/98	Cal Grant B	\$16,662.05
7/1/96-6/30/97	Cal Grant B	\$8,428.49
7/1/95-6/30/96	Cal Grant B	\$18,042.33
7/1/94-6/30/95	Cal Grant B	\$8,170.87
7/1/94-6/30/95	Cal Grant C	\$173.85
7/1/93-6/30/94	Cal Grant B	\$6,515.51
7/1/93-6/30/94	Cal Grant C	\$260.62
	Total	\$97,539.82

The Director of Fiscal Services further explained that the interest earned was in a restricted fund and prior to the review she was unaware that interest earned on Cal Grant funds was to be returned to the Commission annually. The school must return the interest of **\$97,539.82** to the Commission.

REFERENCES:

Institutional Agreement, Article II.C
Cal Grant Manual, Chapter 9, page 9-11

REQUIRED ACTION:

Pasadena City College returned **\$97,539.82** on May 17, 2002 on warrant No. 24247256. Further response to this finding is to provide the internal controls and written procedures that will be implemented to ensure that interest earned on all Cal Grant funds is forwarded to the Commission at least annually.

FINDINGS AND REQUIRED ACTIONS (continued)

INSTITUTION RESPONSE:

Attached are procedures to ensure that interest earned on Cal Grant funds is forwarded to the Commission.

AUDITOR REPLY:

The institution's action is deemed acceptable and no further action is required. Also, the institution returned \$10,366.09 of interest earned on Cal Grant for the 2001-02 award year on 8/07/03 in check # 24462237.

F. FISCAL RESPONSIBILITY FOR PROGRAM FUNDS

FINDING 2: 2000-01 Cal Grant Account Not Reconciled

A review of the institution's 2000-01 reconciliation documents revealed that the Cal Grant account was not reconciled.

DISCUSSION:

California Grant participating institutions are required to reconcile their accounts with the funds received from the Commission for each award year. Should the institution's records of individual payments to eligible students be less than the amount the Commission paid, the institution must return the difference to the Commission. Schools are also required to make all disbursements and report all payments for the year no later than September 30 following the award year (i.e., 9/30/01 for the 2000-01 award year).

At the latest, institutions must report all payment transactions prior to the start of the month-end processing the following November. *The school could bear the liability for payments not reported prior to the November month-end processing cycle.*

Prior to the review the commission's Grant Services Division notified the Commission's Program Compliance Office that Pasadena City College had not reported all their 2000-01 Cal Grant payments by the processing deadlines, therefore, creating payment discrepancies, known as the "Billed Student List". The Grant Delivery System reported the following information:

Dollars Advanced to Date:	\$973,027
Reconciled to Date:	836,156
Refunds Received to Date:	<u>0</u>
Outstanding Balance:	\$136,871

On January 31, 2002, the institution paid \$118,419 of the \$136,871 outstanding balance leaving an unpaid invoice balance of \$18,452. The auditors were to investigate how the \$18,452 was related to the "Billed Student List" during the visit and obtain documentation to determine the payment eligibility for the Cal Grant students who had not been paid.

FINDINGS AND REQUIRED ACTIONS (continued)

The Grant Services Division analyzed the "Billed Student List" documentation and additional Cal Grant funds of \$17,289 were disbursed to the institution for the following students:

No.	Amount
1X	\$254
2X	\$60
3X	\$336
4X	\$774
5X	\$581
6X	\$387
7X	\$581
8X	\$387
9X	\$443
15X	\$581
16X	\$1,161
17X	\$771
18X	\$774
19X	\$774
20X	\$1,355
21X	\$1,548
22X	\$1,355
23X	\$288
10X	\$387
11X	\$1,355
12X	\$144
13X	\$774
14X	\$290
24X	\$387
25X	\$290
26X	\$336
27X	\$774
28X	\$142
Total	\$17,289

Additionally, it was discovered that there were students that the school paid more than what the Commission advanced in Cal Grant funds for a total of \$6,345. Unfortunately, the school bears the liability for the unreported payments for these students and the school will not be reimbursed.

FINDINGS AND REQUIRED ACTIONS (continued)

UNREPORTED CAL GRANT PAYMENTS

NO.	CSAC PAID	SCHOOL PAID	DIFFERENCE
R1	\$387	\$774	\$387
R4	\$387	\$1,180	\$793
R5	\$1,548	\$2,322	\$774
R8	\$774	\$1,488	\$714
Total			\$2,668

Moreover, listed below are the students that the school paid less than what the Commission advanced in Cal Grant funds for a total of **\$11,241** that must be returned to the Commission.

UNDISBURSED CAL GRANT PAYMENTS

NO.	CSAC PAID	SCHOOL PAID	DIFFERENCE
13	\$576	\$288	\$288
14	\$774	\$581	\$193
D1	\$1,548	\$774	\$774
D2	\$774	\$387	\$387
D3	\$774	\$0	\$774
D4	\$774	\$0	\$774
D5	\$1,161	\$774	\$387
D6	\$1,161	\$387	\$774
D7	\$774	\$0	\$774
D8	\$576	\$288	\$288
D9	\$1,355	\$968	\$387
D10	\$387	\$0	\$387
D11	\$387	\$0	\$387
D12	\$1,355	\$1,162	\$193
D13	\$968	\$0	\$968
D14	\$1,548	\$0	\$1,548
D15	\$576	\$504	\$72
D16	\$1,355	\$581	\$774
D17	\$774	\$0	\$774
D18	\$1,355	\$1,017	\$338
Total			\$11,241

Additional \$24,582 of Cal Grant funds were returned on September 10, 2002. \$17,289 of the returned funds was the "Billed Student List" disbursements

FINDINGS AND REQUIRED ACTIONS (continued)

the institution did not cash. The balance of \$7,293 was for the following students.

NO.	AMOUNT RETURNED
12	\$774
14	\$193
24X	\$387
1Y	\$1,355
2Y	\$486
3Y	\$336
4Y	\$387
5Y	\$581
6Y	\$705
7Y	\$581
8Y	\$193
9Y	\$5
10Y	\$1,310
Total	\$7,298

The \$193 returned for Student No. 14 will be deducted from the amount owed in Finding C: Cal Grant Disbursement Exceeded Eligible Amount. In the case of Student No. 3Y, the warrant was cancelled by the school and the \$336 returned to CSAC. For student Nos. 12, 1Y, 2Y, 3Y, 4Y, 5Y, 6Y, 7Y, 8Y, 9Y, and 10Y, funds returned in error. These students would have been included in the "Unreported Payments" table above since the institution had paid more than the Commission in all cases.

In summary, the comparison of Pasadena City College and Commission records resulted in the following:

CSAC Advanced		\$973,027
CSAC Billed Students manual \$\$ May 2002		\$17,289
Total 2000-01 CSAC Paid		\$990,316
School Disbursed	\$848,549	
Unreported payments not reimbursed by CSAC	<u>2,668</u>	
<i>Reimbursable Amount</i>		<u>\$845,881</u>
Due CSAC (Includes the \$11,241 identified in Undisbursed Funds Table)		\$144,435
School Returned on 2/5/02	\$118,419	
FY 99-00 cancellations (Estrada & Martinez)	(1,234)	117,185
School Returned on 9/10/02 (\$198, \$6,759, \$336, \$16,857, and \$432)		<u>24,582</u>
Balance Due CSAC for 00-01		\$ 2,668

FINDINGS AND REQUIRED ACTIONS (continued)

The balance due of **\$2,668** will be applied to student Nos. R1 (\$387), R4 (\$793), R5 (\$774), and R8 (\$714) when the institution makes payment. The other students identified in the "Undisbursed Funds" table will be receive credit of returned funds through the monies that Pasadena City College has returned to date.

REFERENCES:

California Education Code, 69535.5
Institutional Agreement, Article II.A, III.B.7, III.C.1, III.C.2
Cal Grant Manual, Chapter 6
Cal Grant Manual, Chapter 9, pages 9-6, 9-7 and 9-11

REQUIRED ACTION:

Pasadena City College must return the funds for **\$2,668** for the 2000-01 award year. Repayment instructions are provide at the conclusion of this report. In addition, although the 2001-02 is not closed yet, the institution must provide proof that the 2001-02 award year Cal Grant payments have been reconciled.

The 2001-02 reconciliation must list all Cal Grant recipients and must be reviewed by all three offices to concur that the data is correct. A computer disk is enclosed with all the 2001-02 Cal Grant payments for your use in the reconciliation process.

A reconciled 2001-02 report must be provided in its response to this finding.

The data elements to be included in the report are listed below and must be sorted by student's last name, and the student's first name.

- Student Social Security Number
- Student's Last Name
- Student's First Name
- Type of Cal Grant Award (Cal Grant B or Cal Grant C)
- Fall Term Payment-CSAC
- Fall Term Payment-School
- Spring Term Payment-CSAC
- Spring Term Payment-School
- Total Fall and Spring CSAC Payments
- Total Fall and Spring School Payments
- Unreported Payments (Total School Payments greater than Total CSAC Payments)
- Undisbursed Payments (Total CSAC Payments greater than Total School Payments)

Moreover, the institution must provide detailed procedures for Cal Grant reconciliation that include the participation the Financial Aid office, the Fiscal Services Office, and the Information Technology Office that ensures that Cal Grant funds are reconciled MONTHLY.

FINDINGS AND REQUIRED ACTIONS (continued)

As a reminder, the Commission provides resources to assist institutions in the reconciliation process. The following three reports are provided to institutions on a monthly or weekly basis to help reconcile Cal Grant payments: Grant Roster (monthly), Grant Accept/Reject Report (weekly), and Payment Activity Report (monthly).

The Grant Accept/Reject Report is generated to inform schools of the accepted or rejected status of previously processed transactions. This report is informational only and should not be returned to the Commission. The report will assist schools in the resolution of rejected transactions. It is expected that schools will reconcile their own payment records with the accepted transactions listed on the report and resolve any conflicts. In addition, the institution is encouraged to contact the Commission at any time with questions or concerns in the administration of the Cal Grant Programs.

INSTITUTION RESPONSE:

Pasadena City College is remitting under separate cover, the amount of \$2,781.58. Moreover, PCC has reconciled payment transactions for 2001-02. Please refer to the enclosed diskette with reference to the Program Review number. Please be advised that some of the year-end payment transactions were rejected by CSAC and we have received approval to submit a Claim Form for payment reimbursement. Attached is a copy of the CSAC Claim Form.

The Financial Aid Office has developed a reconciliation program designed to address the reconciliation requirements in the CSAC *Grant Program Manual*. This program compares the payments reported to CSAC with the payments made in the database program, SAFERs. The program allows the Financial Aid Office to download the roster from the Reports Menu in Web Grants. That file is then converted to Microsoft Excel text for all CSAC payment transactions (RA and RP). This report is compared to a disbursement report from SAFERs that is also converted to an Excel text document. The comparison program is able to sort and identify only the payment transactions that differ between SAFERs and the CSAC roster. The report is run monthly and forwarded to the Data Tech (see Cal Grant Processing Procedures) for resolution of discrepancies. Attached for your review is the Cal Grant Reconciliation program procedure.

The Management Information System (MIS) department has been advised of the reconciliation concerns and is examining an automated format that will allow for access to a downloadable file from the fiscal system that can be converted to a text document. In this case, the Financial Aid Office will have access to the fiscal system data. Once this is accomplished, we will be able to run the comparison program and give Fiscal Services a reconciliation product between CSAC and the Financial Aid Office.

The Financial Aid Office is committed to reconciling all funds on a monthly basis. Development of this program, along with the data that will be provided by MIS will help ensure the integrity of these funds and reduce errors.

FINDINGS AND REQUIRED ACTIONS (continued)

AUDITOR REPLY:

The amount of \$2,668 was returned to CSAC on 6/12/03 in check # 24843550 and the reconciliation procedures supplied by the institution is deemed acceptable as long as the actual disbursements, per Fiscal Services, are reconciled to the amount reported to CSAC.

Also, the institution returned the amount of \$794 and \$4,019 on 6/11/03 and 6/23/03 in reconciling the Cal Grant funds for the 2001-02 award year.

**F. FISCAL
RESPONSIBILITY
FOR PROGRAM
FUNDS:****FINDING 3: No Process in Place for Outlawed Warrants**

A review of Outlawed Warrant memorandums disclosed that there is no process to notify the Financial Aid Office of uncashed warrants.

DISCUSSION:

An institution must maintain an accounting system which conforms to generally accepted accounting principles/practices and shall include, but not be limited to, cash receipts and disbursement journals, bank reconciliation's, evidence of receipts or credit of funds to recipients and all other accounting records necessary to account for all transactions.

The Outlawed Warrant memorandums initiated by the Los Angeles County Office of Education notifies the Pasadena City College's Fiscal Services Office of warrants that have not been negotiated within the last 6 months. The cash in the county treasury for the general fund is increased monthly by the outlawed warrants. Fiscal Services Office was not notifying the Financial Aid Office of uncashed warrants. In essence, the institution had no process to correct the student financial aid fund when outlawed warrants occurred.

During the on-site visit five outlawed warrants were identified as containing financial aid funds and the financial aid office had not been notified to update to the student awards to reflect the uncashed checks.

Five Outlawed Warrants

NO.	Warrant Issue Date	Warrant No.	Warrant Warrants Posted Date	Warrant Amount (Cal Grant Portion)
38X	09/07/00	220784110	04/18/01	\$ 774
39X	12/12/00	224269500	07/17/01	774
41X	02/08/01	226160080	09/18/01	387
45X	02/08/01	226161380	09/18/01	387
47X	10/31/00	222855470	05/16/01	* 774
	Total			\$3,096

* The total warrant equaled \$2,424(\$774 Cal Grant and \$1,650 Pell Grant).

FINDINGS AND REQUIRED ACTIONS (continued)

The outlawed Cal Grant warrants identified by the institution totaled **\$3,096**. The institution also identified the student financial aid warrants that had been outlawed in which the Financial Aid Office was not notified.

REFERENCES:

Institutional Agreement, Article III.C.1 and III.C.8
34 CFR 668.16
34 CFR 668.24

REQUIRED ACTION:

Cal Grant funds of **\$3,096** must be returned to the Commission for student Nos. 38X (\$774), 39X (\$774), 41X (\$387), 45X (\$387), 47X (\$774). Submit payment as directed in general payment instructions.

The Fiscal Services must develop procedures to notify the financial aid office of the outlawed warrants that involve students that received state and federal financial aid (Cal Grant, Pell, SEOG, etc.). Also, the Financial Aid Office must develop procedures to update the student financial aid records to reflect outlawed warrants.

In addition, the Fiscal Services and Financial Aid Office's must provide a copy of these policies and procedures to the Commission.

INSTITUTION RESPONSE:

Attached are procedures to properly handle outlawed warrants. Upon notification from Fiscal Services, the Financial Aid Office will identify such warrants. The outlawed warrants are posted to SAFERs as cancellations (see attached Check Transaction Procedures from the Financial Aid Office).

AUDITOR REPLY:

The amounts of \$3,096 was returned to CSAC on 2/27/03 in check # 24711846 and the procedures to properly handle outlawed warrants supplied by the institution is deemed acceptable and no further action is required. Also, the institution returned the amount of \$3,150 on 6/09/03 for outlawed warrants for the 2001-02 award year.

F. FISCAL RESPONSIBILITY FOR PROGRAM FUNDS:

FINDING 4: State Work-Study-Teaching Intern Program Year End Operating Report Discrepancies

A review of the State Work-Study (SWS) Program Year End Operating Report revealed discrepant information.

DISCUSSION:

To participate in SWS, an institution must enter into an agreement with the Commission, thereby acknowledging its willingness and ability to administer the

FINDINGS AND REQUIRED ACTIONS (continued)

program according to published rules and regulations and program guidelines. The institution agrees to monitor and maintain fiscal records documenting financial transactions that include, but is not limited to, the SWS Year-End Operating Report.

Pasadena City College's 2000-01 SWS Year-End Operating Report indicated \$31,069 was expended in local assistance for student earnings and worker's compensation. A review of the 2000-01 student financial aid awards and the institution's SWS Payroll List revealed that only \$30,248.65, as noted on the following page, should have been reimbursed by CSAC.

No.	SWS payroll reported on Year- End Report
S1	\$780.14
S2	\$1,423.68
S3	\$1,418.90
S4	\$1,010.24
S5	\$1,057.00
S6	\$0.00
S7	\$162.98
S8	\$323.83
S9	\$0.00
S10	\$854.43
S11	\$1,414.13
S12	\$1,065.81
S13	\$888.01
S14	\$928.32
S15	\$0.00
S16	\$0.00
S17	\$987.49
S18	\$1,138.48
S19	\$1,237.26
S20	\$1,192.40
S21	\$919.19
S22	\$953.11
S23	\$0.00
S23	\$1,380.15
S24	\$1,078.58
S25	\$174.17
S26	\$1,092.94
S27	\$1,350.77
S28	\$0.00

FINDINGS AND REQUIRED ACTIONS (continued)

No.	SWS payroll reported on Year- End Report
S29	\$1,433.28
S30	\$1,506.39
S31	\$1,399.72
S32	\$1,687.07
S33	\$792.16
S34	\$598.02
Total	\$30,248.65

For student Nos. S6, S9, S15, S16, S23, and S28, the financial aid records reported a SWS award and earnings; however, the students were not reported on the SWS Year-End Report.

Additionally, the following students were not awarded SWS for the 2000-01 award year but were reported on the SWS Year-End Report for a total of \$820.52. The \$820.52 is deemed ineligible payments that must be returned to CSAC.

No.	SWS reported on Year-End Report
S1X	\$191.74
S2X	\$40.71
S3X	\$158.31
S4X	\$429.76
Total	\$820.52

REFERENCES:

Education Code 69962 (a)
State Work-Study Teaching Intern Agreement, Article I, 1.b
State Work-Study Teaching Intern Agreement, Article I, 7
Year End Operating Report For Fiscal Year 2000-01

REQUIRED ACTION:

The institution is required return the **\$820.52** to CSAC for the SWS program. In addition, the school must decrease the local assistance expenditure by \$820.52 on the SWS-2000-01 Year-End Operating Report to reflect the \$30,248.65 and provide a copy of the revised report in its response. Moreover, the school is required to implement control measures to ensure that the information reported on the SWS Year-End Operating Report is accurate and supported by institutional documentation.

FINDINGS AND REQUIRED ACTIONS (continued)

INSTITUTION RESPONSE:

Attached is the revised 2000-2001 Institutional Year-End Operating Report. The Financial Aid Office has implemented control procedures referred to in Finding A.2.

AUDITOR REPLY:

The amounts of \$820.52 was returned to CSAC on 6/12/03 in check # 24843550 and the adjustment to the SWS-2000-01 Year-End Operating Report is deemed acceptable and no further action is required.

ATTACHMENT B –STUDENT SAMPLE
